

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____ September 12, 2013

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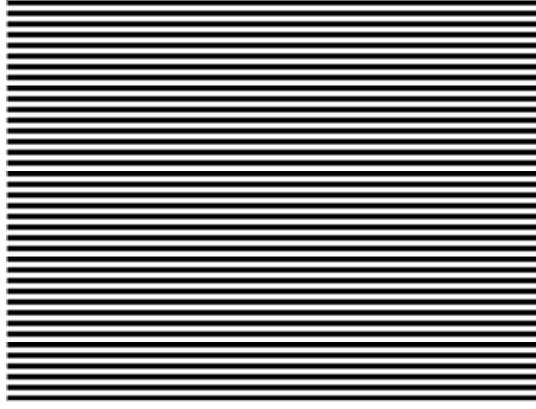
Auditor of State Mary Mosiman today released a report on the Iowa Department of Corrections for the year ended June 30, 2012.

The Iowa Department of Corrections oversees the financial administration of all correctional institutions and community-based corrections. The Department is responsible for a variety of services, such as planning for and monitoring correctional facilities and training correctional officers. The governing policy board for the Department is the Board of Corrections.

Mosiman recommended the Department update current written policies, develop additional procedures and follow established procedures to ensure a detailed, up-to-date capital asset listing is maintained and properly reported for financial statement purposes. The Department's responses to the recommendations are included in the report.

A copy of the report is available for review in the Iowa Department of Corrections, in the Office of Auditor of State and on the Auditor of State's website at <http://auditor.iowa.gov/reports/1360-2380-0R00.pdf>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF CORRECTIONS**

JUNE 30, 2012

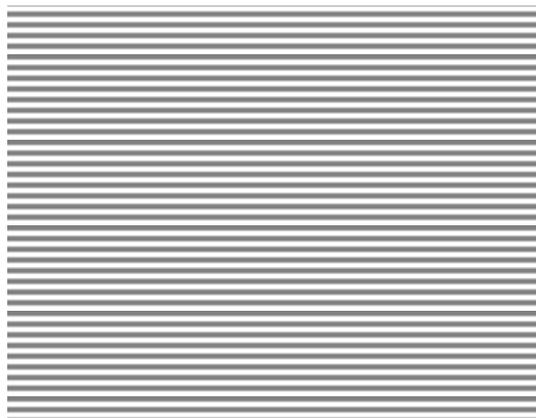
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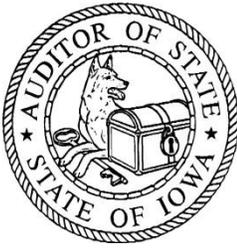
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1360-2380-0R00



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September 9, 2013

To John Baldwin, Director of the
Iowa Department of Corrections:

The Iowa Department of Corrections is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2012.

In conducting our audits, we became aware of an aspect concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed a recommendation which is reported on the following page. We believe you should be aware of this recommendation which was reported in the State's Report on Internal Control. The recommendation has been discussed with Department personnel and their response to the recommendation is included in this report. While we have expressed our conclusion on the Department's response, we did not audit the Iowa Department of Corrections response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Corrections, citizens of the State of Iowa and other parties to whom the Iowa Department of Corrections may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audits. Should you have questions concerning the above matter, we shall be pleased to discuss it with you at your convenience. Individuals who participated in our audits of the Department are listed on page 5 and they are available to discuss this matter with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

Finding Reported in the State's Report on Internal Control:

Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The following findings concerning the Department's capital assets were noted:

- (a) The Department deleted \$3,572,000 of construction in progress for on-going projects not yet complete or transferred. This was resolved for reporting purposes.
- (b) The Department incorrectly capitalized \$310,100 as machinery and equipment. Of this amount, \$240,726 was for equipment and other costs not meeting the State's capitalization policy. The remaining \$69,374 was for project costs that should have been capitalized as construction in progress. This was properly adjusted for reporting purposes.
- (c) The Department understated construction in progress by a net amount of \$37,623. The account was understated by the \$69,374 noted in (b) above and overstated by \$31,751 of costs not meeting the State's capitalization policy. This was properly adjusted for reporting purposes.

Recommendation – The Department should update current written procedures, develop additional written procedures and follow established procedures to ensure a detailed, up-to-date capital asset listing is maintained and properly reported for financial statement purposes. Procedures should include, but not be limited to, ensuring capital asset additions are reconciled to I/3 asset purchases. Amounts should be accurately reported in the GAAP package.

Response – The Department has developed and implemented additional written procedures to ensure the detailed capital asset listing is up-to-date and maintained. Reconciliations to the Integrated Information for Iowa (I/3) system will be performed to ensure all capital assets are properly recorded. Additional review will be performed over the GAAP Package to ensure amounts are accurately reported.

Conclusion – Response accepted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Corrections

June 30, 2012

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Manager
Jenny M. Podrebarac, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Alison Herold, CPA, Senior Auditor
Lacey Kriegel, Assistant Auditor
Joshua W. Ostrander, Assistant Auditor
Philip A. Rethwisch, Assistant Auditor
Trisha S. Schroeder, Assistant Auditor